

Message Text

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ACTION EUR-12

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E.O. 11652: N/A
TAGS: EINV, SHUM, SF, SW
SUBJECT: SWEDEN MOVES TOWARD UNILATERAL ACTION AGAINST SOUTH AFRICA

1. BEGIN UNCLASSIFIED: ON JUNE 4, THE LAST DAY OF THE SPRING SESSION, A UNITED SWEDISH RIKSDAG ENDORSED THE CREATION OF A COMMISSION TO PRODUCE A REPORT QUICKLY ON HOW TO PROHIBIT CAPITAL EXPORT IN CONNECTION WITH NEW SWEDISH INVESTMENT IN SOUTH AFRICA AND NAMIBIA. A COMMUNIST (VPK) PROPOSAL THAT THE RIKSDAG CONDEMN THE RELATIONS OF SWEDISH COMPANIES WITH SOUTH AFRICA AND BRING THEM TO AN END WAS DEFEATED 296-11.

2. THE RIKSDAG IS IN AGREEMENT THAT THE POLICIES OF
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SOUTH AFRICA JUSTIFY A UNILATERAL SWEDISH ACTION AGAINST THE VORSTER REGIME. AMID THE BOASTS OF SOCIAL DEMOCRATS THAT THEY HAD SUCCEEDED IN PUSHING THEIR POLICY OF A BAN ON NEW INVESTMENTS IN SOUTH AFRICA, MODERATE (CONSERVATIVE) PARTY SPOKESMEN, WHO SUPPORTED THE INVESTIGATION, NONETHELESS EXPRESSED THEIR VIEW THAT THE COMMISSION SHOULD ALSO INVESTIGATE THE CONSEQUENCES

OF A NATIONAL ACTION WITHOUT THE SUPPORT OF THE UN, AND
THE POSSIBLE EFFECTS OF ESTABLISHING SUCH A PRECEDENT.
THE COMMISSION'S REPORT WILL NOT BE READY BEFORE NEXT
FALL, AT THE EARLIEST.

3. A PRIVATE STUDY EXAMINING SWEDISH-SOUTH AFRICAN
ECONOMIC RELATIONS, PREPARED FOR THE SWEDISH ECUMENICAL
COUNCIL, INDICATES THAT SWEDISH-SOUTH AFRICAN TRADE IS
STEADILY INCREASING, WITH A GOOD SURPLUS FOR SWEDEN.
SIX SWEDISH COMPANIES HAVE A SUBSTANTIAL PRESENCE IN
SOUTH AFRICA: ALFA-LAVAL, ASEA, ATLAS COPCO, FAGERSTA,
SANDVIK, AND SKF. THE TURNOVER OF THESE SIX COMPANIES,
ACCORDING TO THE STUDY, GREW FROM 84.4 MILLION RAND IN
1973 TO 148.5 MILLION RAND IN 1976, AN INCREASE OF 76
PERCENT. THE REPORT ALSO NOTES, HOWEVER, THAT APART FROM
ASEA NONE OF THESE SIX COMPANIES HAVE TRANSFERRED CAPITAL FROM
THE SWEDISH PARENT TO THE SOUTH AFRICAN SUBSIDIARY
DURING 1970-1976.

4. BEGIN LIMITED OFFICIAL USE: BEGIN COMMENT:
THE CREATION OF A PARLIAMENTARY COMMISSION WITH A SPECIFIC
MANDATE GENERALLY RESULTS IN LEGISLATION ALONG THE LINES
PROPOSED, AND IT APPEARS LIKELY THAT, IF CIRCUMSTANCES REMAIN THE
SAME, SWEDEN WILL INSTITUTE A BAN OF SOME SORT ON CAPITAL EXPORT
TO SOUTH AFRICA WITHIN THE NEXT YEAR OR SO. THIS REPRESENTS
SOMETHING OF A SHIFT OF POSITION ON THE PART OF THE GOS,
WHICH BEFORE HAD HELD THAT ACTION OUTSIDE THE UN CONTEXT
WOULD BE INEFFECTIVE AND EVEN HARMFUL, AND HAD WARNED OF
THE UNDESIRABILITY OF LEGISLATIVELY RESTRICTING THE FLOW
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OF CAPITAL.

5. IT APPEARS THAT PRESSURE FROM THE SOCIAL DEMOCRATS,
THE LIBERALS AND ELEMENTS OF THE CENTER PARTY IS
RESPONSIBLE FOR THE SHIFT, AND THAT THE MODERATES
GRUDGINGLY WENT ALONG IN ORDER NOT TO APPEAR AS REACTIONARIES.
PRESUMABLY, AID MINISTER ULLSTEN, A LIBERAL, RECEIVED URGING
DURING HIS RECENT TRIPS TO AFRICA TO SUPPORT SUCH A MOVE.
THE FACT THAT, EVEN IF INSTITUTED, A BAN ON
CAPITAL EXPORT WILL HAVE LITTLE EFFECT ON EITHER SWEDISH
COMPANIES OR SOUTH AFRICA RECEIVED LITTLE PUBLIC CONSIDERATION.
THE RIKSDAG ACTION GIVES THE SWEDES THE OPPORTUNITY TO SHOW THEIR
MORAL COLORS AT LOW COST, SINCE IT IS ALMOST SOLELY OF SYMBOLIC
IMPORT.
PERRY

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